AUSTRALIAN CUSTOMS NOTICE NO. 2005/26

Customs Tariff Proposal No. 3 (2005)

Customs Tariff Proposal No. 3 (2005) (the Proposal) was tabled in Parliament on

23 June 2005 and contains a number of alterations to the *Customs Tariff Act 1995* (the Tariff).

The Proposal amends Additional Note 3(a) to Chapter 22 in Schedule 3 of the Tariff by inserting a 22% upper limit on alcohol content of ‘grape wine’ defined by the Note. This amendment aligns the definition of wine, for the purposes of the Tariff, with the definition set out in the *A New Tax System (Wine Equalisation Tax) Act 1999* and its Regulations. Any locally manufactured wine that does not fall into that definition is excisable. This amendment will ensure that imported wine of fresh grapes, that does not comply with the revised Additional Note, will attract customs duty at the same rate as the excise duty on similar locally manufactured product.

The Proposal also inserts, in tariff subheadings 2206.00.30 and 2206.00.4, references to Additional Note 4 to Chapter 22. Additional Note 4 defines ‘grape wine product’ for the purposes of the Tariff. Grape wine product includes certain wine based cream beverages, generically described as ‘Irish Cream’. When imported into Australia, these goods are subject to excise equivalent rates of customs duty, while similar goods manufactured in Australia are subject to the Wine Equalisation Tax (WET).

The reference to Additional Note 4 in the above tariff subheadings will correct this anomaly and allow ‘Irish Cream’ to be classified in either subheading. This will mean that these products will be subject to the WET and applicable rates of customs duty.

Tariff reprint pages, Chapter 22/1 (R.4) and Chapter 22/13 (R.12), to reflect the above changes will be available in the week commencing 27 June 2005.

Enquiries concerning this Notice may be directed to: Manager

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for

Chief Executive Officer June 2005

